

## **IRS TAX TIP 2002-56**

### **TAX CHANGES FOR BUSINESS OWNERS**

At tax time, many business owners want to make sure they are aware of the latest changes that could affect their taxes. If you are one of these owners, a good source of information is IRS Publication 334, "Tax Guide for Small Business." Publication 334 includes a listing of some tax changes for 2001 returns, plus explanations of the changes. It also includes some of the changes for 2002.

In addition, the recently-passed Job Creation and Worker Assistance Act contains many provisions that affect businesses. For information on some of these provisions, check out IRS News Release IR-2002-37 and revised Forms 4562, "Depreciation and Amortization," or 2106, "Employee Business Expenses." The IRS will also develop new instructions for claiming net operating loss.

Here are some of the tax changes for business owners that may affect you:

- You can claim 34.5 cents a mile as the standard mileage rate for 2001 for the cost of operating your car, van, pickup, or panel truck in your business. This rate increases to 36.5 cents a mile for business miles you drive in 2002.
- If you are self-employed, you must pay the Social Security part of self-employment taxes for your maximum net self-employment earnings up to \$80,400 for 2001. The ceiling will increase to \$84,900 for 2002.
- If you acquired new depreciable property after September 10, 2001, you may be able to claim additional first year depreciation of 30 percent of the basis of the property.
- You may be able to carry back net operating losses for a five-year period for losses arising in taxable years ending in 2001 and 2002. You may also be able to offset 100 percent of your Alternative Minimum Taxable Income by carrying back a net operating loss from those years, or carrying one forward to those years.

For more information or to get a copy of IRS forms and publications, visit the IRS Web site at [www.irs.gov](http://www.irs.gov) . Forms and publications also are available at local IRS offices or by mail by calling toll free 1-800-TAX-FORM (1-800-829-3676).

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